Respond Rapidly to Changing Supply and Demand with Intelligent Order Fulfillment

The Best-Run Businesses Run SAP™

The need for a demand-driven planning process

Want to replan with agility in order to meet your order commitments, seize new revenue opportunities, and adapt to volatile supply? Take a look at the SAP® Supply Chain Response Management application by icon-scm. You can rapidly perform what-if analysis and adjust your plans to accommodate changes to demand and supply.

In today's supply chain, companies need to respond quickly to ever-changing demand, often across a distributed supply network with limited visibility and long latency. In order to gain competitive advantage in this environment, you need a highly responsive and demand-driven planning process. That means visibility into critical inventory levels at your trading partners. It means the ability to replan quickly and to understand how changes in demand or supply – real or hypothetical – affect your ability to fulfill orders. And it means being able to rapidly execute a revised plan with confidence – maximizing new revenue opportunities while delivering on existing commitments. The benefits of transforming your planning process apply no matter where your company is in the supply chain.

SAP Supply Chain Response Management enables you to constantly update your plan using the latest demand and supply information and to gain market share, reduce inventory, and improve customer satisfaction.

Shrink your response time

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Take control of demand volatility

Intelligently plan resources using SAP ERP and SAP SCM data

Close the loop with updates to core software systems

Plan accurately using a detailed analysis

Commit with confidence

Build demand by demonstrating that you can deliver

SAP Supply Chain Response Management supports demand-driven planning to synchronize demand commitments with supply plans across your supply network. It enables high-speed replanning so you can rebalance supply and demand based on the latest information from suppliers and customers.

The application goes beyond material resource planning. Besides identifying and resolving material and capacity shortages, it identifies which orders you can commit to and which can be delayed. Order-based algorithms take into account your finite materials and capacities, consider alternative sources, and make best use of substitute parts. The application also helps you plan new-product introductions and engineering changes, helping you use up materials that may go obsolete. SAP Supply Chain Response Management uses proprietary smart-allocation logic to maximize shipments within a given supply situation while respecting order priorities.

Meet order commitments and use available stocks and capacities efficiently, which leads to improved service, lower inventory, and fewer write-offs.

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Companies like yours face a constant stream of demand changes including forecast changes, order changes (such as quantity up or down, date in or out, and product change), new orders, canceled orders, and more. In order to satisfy maximum demand while protecting your committed orders, you need flexible yet consistent control over demand prioritization decisions. SAP Supply Chain Response Management provides this functionality using powerful rules-based demand prioritization to analyze and reanalyze your orders and forecasts, parsing them into order categories based on priority rules that you specify.

The application analyzes each demand with respect to previous commitments. Using priority rules, you can maximize the plan's responsiveness to new demands while also providing a stable schedule that protects existing order and forecast commitments.

Unless you specify rules-based exceptions, all previous commitments are respected.

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SAP Supply Chain Response Management enables responsive decision making based on all relevant demand and supply data within and external to your organization. To achieve this, the application can use internal data from the SAP ERP application as well as the SAP Advanced Planning & Optimization (SAP APO) component of the SAP Supply Chain Management (SAP SCM) application. External data from suppliers and contract manufacturers can be imported through the SAP Supply Network Collaboration (SAP SNC) application.

Among other benefits, this approach enables you to make the most of the resources that feed your supply chain. The application uses advanced nonblocking allocation logic to meet priorities without reserving supply unnecessarily.

To make fast, accurate decisions, use data from downstream partners as well as from upstream contract manufacturers and material suppliers.

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There's no point having the perfect plan in theory only. You need to make it happen by capturing inputs from, and feeding critical data back to, your core enterprise resource planning and supply chain management solutions. With its standard interfaces, SAP Supply Chain Response Management can transfer information to a wide range of SAP and non-SAP software.

SAP Supply Chain Response Management is bidirectionally integrated with other SAP software. Master data and transaction data can be uploaded from SAP ERP on a full-update or changed-only basis. Demand planning data can be loaded from SAP APO, and other planning data can be obtained from trading partners using SAP SNC.

After computing a new plan, SAP Supply Chain Response Management returns supply proposals and changes to sales orders to SAP ERP, and the constrained demand plan can be returned to SAP APO. Unconstrained forecast requirements can be sent back to suppliers using SAP SNC, and commitments from suppliers can be imported back into SAP Supply Chain Response Management.

Bidirectional integration with core systems and trading partners enables all parties to operate on rapid planning and execution cycles that ensure responsiveness and competitive advantage.

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SAP Supply Chain Response Management includes flexible and powerful reporting that offers full transparency into planning results. The application provides a full and flexible analysis of the quality of a given plan, looking at factors such as orders filled and short, as well as inventory position, revenue, and margin. You can use visually rich user interfaces to quickly and completely understand the pegging results, either top down (all supply pegged to a given order) or bottom up (all orders consuming some or all of a given supply).

With full visibility into planning results, you can identify trade-offs and opportunities and you can understand allocation decisions.

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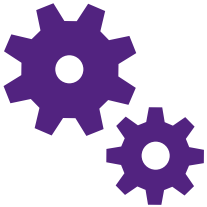
SAP Supply Chain Response Management offers powerful analytical functionality that allows you to develop multiple, parallel "what-if" scenarios. By altering inputs such as demand forecast, supplier availability, and customer service targets, you can simulate and compare different plans to ensure that your organization can commit with confidence, whatever the circumstances.

The solution provides a central repository for supply chain plans covering various contingencies, so planners can take any existing plan as a starting point and develop it from there. Plans that are under development can be kept private until you are ready to share them with third-party suppliers and trading partners as well as with in-house teams.

In addition to enabling you to develop multiple scenarios, the software allows you to compare them against key performance indicators to determine which plan best meets your business objectives – whether to reduce inventory, improve customer service levels, or drive revenue. You can then quickly replace parts or all of your baseline plan with the new updated scenario.

Validate alternative strategies before potential supply chain disruptions become a reality.



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You can work collaboratively with trading partners to evaluate planning decisions and execute on opportunities to build demand. For example, you can test promotional opportunities with your partners by creating a hypothetical bill of materials to determine the feasibility of building and shipping a product in a certain time frame. Or you can use the application to determine if you can leverage your excess supply to offer additional products to the market. As a supplier, you can win more business with customers by demonstrating the feasibility of meeting a customer's hypothetical upside requests faster than competing suppliers.

Drive revenues by exploiting new opportunities with confidence.

Gain measurable, substantive business benefits

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SAP Supply Chain Response Management can help you make real improvements in the effectiveness and efficiency of your supply chain. These improvements let you:

- **Improve your delivery performance** to establish and maintain customer loyalty
- **Capture revenue and market share** through rapid, creative responses to demand upside opportunities
- **Fulfill more demand from the same supply** using proprietary allocation logic that makes the most of your existing supply and capacity while protecting your order priorities
- **Reduce excess and obsolete inventory stocks** by modifying your plans when forecasts do not materialize
- **Increase service levels and delivery performance** with precise, systematic control over customer commitments and order fulfillment
- **Identify untapped demand and increase inventory turns** using powerful analytics and rapid supply chain scenario execution that tests demand opportunities against existing inventory
- **Reduce material safety stocks** while maintaining the same customer service levels by employing more frequent and accurate planning cycles
- **Improve the visibility of contingency plans,** both in-house and outside organizational boundaries

Summary

The SAP® Supply Chain Response Management application by icon-scm enables you to incorporate up-to-the-minute changes in demand and supply while making the most of your available supply.

Objectives

- Capture revenues and competitive advantage
- Boost supply chain efficiency while improving service levels
- Achieve visibility across a globalized, highly distributed supply chain
- Quickly evaluate real or hypothetical changes to demand and supply
- Identify and execute on new demand-shaping opportunities

Solution

- Demand-driven planning to let you update your plan quickly
- Configurable, rules-based prioritization algorithms
- Scenario management, comparison, and application of preferred plan to baseline
- What-if analysis for evaluating alternate approaches to changes in supply and demand

Benefits

- Fulfill more demand from the same supply
- Increase service levels and delivery performance
- Reduce excess and obsolete inventory stocks
- Identify untapped demand and increase inventory turns
- Reduce material safety stocks while maintaining service levels

Learn more

Call your SAP representative today, or visit us online at www.sap.com/lines-of-business/scm/collaborative-response-management.

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